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FAS REPORT

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250
WR 5-83

WASHINGTON, Feb. 2--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

EC TRADE NOTES

The EUROPEAN COMMUNITY (EC) has resumed issuing barley export authorizations after a seven-week hiatus. With French barley quoted at about $200 per ton at Rouen, and export subsidies of about $90, the EC can effectively undercut both U.S. and Canadian barley, which are now offered at $120. Increased EC barley exports could weaken world prices, heighten U.S. competition and increase the possibility of a deficit in the Canadian barley pool.

GRAIN AND FEED

Early planted SOUTH AFRICAN corn may have suffered heavy drought damage, according to the U.S. agricultural attache in Pretoria. While recent rains did improve prospects for later plantings in many areas, dry weather and above normal temperatures are persisting in some major corn areas of Transvaal Province and the Orange Free State. The 1983 harvest is estimated by the attache at 8.5 million tons, 1 million tons below USDA's January 13 forecast and only slightly better than the drought-stricken 1982 crop of 8.4 million tons. This severely reduces export prospects.

This season's export levels were maintained because of exceptionally large carryover stocks. Reportedly, the bulk of exportable supplies for this season have already been sold. Reports indicate that South Africa may have already cancelled about 160,000 tons of corn contracted by Taiwan. Export availabilities for the May-April 1983/84 marketing year could fall to only about 1.5 million tons, compared with well over 4 million the past two seasons.

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The CANADIAN WHEAT BOARD recently sold 1 million tons of grain to the German Democratic Republic (GDR) for shipment during February-August 1983. Included in the sale are 700,000 tons of barley, 275,000 tons of feed quality wheat and 25,000 tons of durum. This is the largest Canadian grain sale to the GDR since 1976/77, when about 600,000 tons of grain were exported. Canada reportedly offered the GDR commercial credit with government guarantees, very similar to the credit extended to the USSR earlier this year. The Canadians are hopeful that these sales mark the beginning of the GDR becoming a large and regular buyer of Canadian grain.

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CHILE's 1982/83 wheat crop (currently being harvested) is expected to total 580,000 tons, down 11 percent from last year's revised estimate of 650,000 tons, according to the U.S. agricultural attache in Santiago. The combined winter and spring wheat area is estimated at 350,000 hectares, down 6 percent from 1981/82. Low prices and high interest rates curtailed winter wheat plantings. While prospects for wheat prices improved in the spring, excessive rains and a shortage of high-quality seed reduced spring plantings.

OILSEEDS AND PRODUCTS

TURKEY's Minister of Agriculture has refused to grant import licenses for approximately 49,500 tons of U.S. soybeans under the Commodity Credit Corporation program, claiming that these imports will discourage Turkish farmers from expanding domestic soybean production. A request for 30,000 tons of crude degummed soybean oil using the same line of credit will be made.

DAIRY, LIVESTOCK AND POULTRY

THAILAND is becoming an important competitor with the United States in Far East chicken markets, particularly Japan. Reasonably priced domestic feeds and Japanese investment in slaughtering and processing facilities are encouraging continued gains in production and exports. This enabled Thailand to boost chicken meat exports to Japan (its major market) by one-third in 1982.

With shipments of 28,988 tons in January-November 1982, Thailand is second only to the United States (50,307 tons) in the Japanese market. However, Thailand and the United States are not supplying exactly the same type of chicken meat to Japan. About 80 percent of Japanese imports from Thailand are deboned meat, while almost three-quarters of those from the United States are bone-in legs.

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In the PHILIPPINES, record hog inventories and pork production are expected if pork prices remain favorable, according to the U.S. agricultural counselor in Manila. Hog numbers during 1983 are expected to increase by 4.6 percent to 8 million head, while pork production is forecast to be up 4.7 percent to 472,000 tons, compared to 451,000 tons in 1982. Improved feed supplies and a government program to distribute pigs to small-scale producers should contribute to the expansion.

COTTON AND FIBERS

In TURKEY, a recent report by the U.S. agricultural attache indicated that the 1982/83 cotton crop was up 142,000 bales from the January 13 USDA estimate of 2.1 million bales due to expanded irrigation facilities in the southeast. However, the quality of the cotton crop in the important producing region of the Aegean may have been damaged by rain at harvesttime.

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AUSTRALIA's 1982/83 cotton crop has deteriorated further due to persistent drought, according to the U.S. agricultural counselor in Canberra. The latest estimate of 450,000 bales represents a 15,000-bale decrease from last month's estimate. The crop, which was planted later than usual because of insufficient rainfall, did receive beneficial rains in January. However, even if favorable weather prevails up to and during harvest (April-July), some abandonment is expected in New South Wales, where insufficient rainfall has caused water shortages in all major production areas.

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CHINA's 1982/83 cotton crop estimate has been revised upward to 15.7 million bales by the U.S. agricultural counselor in Beijing. This is 200,000 bales above the previous month's estimate of 15.5 million bales. This year's cotton crop benefitted from extremely favorable weather during growing and harvesting. Some high-level Chinese officials have indicated the crop could be as high as 16.1 million bales.

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In the UNITED STATES, December cotton exports dropped below the November level for the first time since 1958. December exports totaled 395,000 bales, slightly below November and barely one half the 768,000 bales exported in December 1981. Current season August-December exports of 1.8 million bales also fell behind the 2 million reported a year ago. South Korea and Japan are the two leading foreign markets for U.S. cotton. China, an important market in recent years, has accounted for less than 1 percent of U.S. exports this season.

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CHINA increased retail prices of cotton textiles in January to boost output. At the same time, prices of synthetics were reduced to stimulate sales and reduce burdensome stocks. According to newspaper reports, the price adjustments were implemented as part of China's effort to raise the synthetic textile share of total textile output.

TOBACCO

In the UNITED STATES, the value of tobacco exports in 1982 (including unmanufactured and products) reached $2.84 billion, up 4.5 percent from the 1981 level. Unmanufactured tobacco exports were 259,487 tons, down 2 percent from the 1981 level; however, the value of exports was up 6 percent to a record high $1.547 billion. Reasons for the decline in exports include the strong U.S. dollar and increased competition from Brazil and Zimbabwe. Leading markets in 1982 were Japan--50,041 tons; West Germany--30,913 tons; Spain--14,437 tons; and the United Kingdom--13,903 tons.

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Flue-cured exports in 1982 were 158,036 tons, down 10 percent from the 1981 level. Leading markets were Japan--29,951 tons; West Germany--16,591 tons; Spain--12,320 tons; the United Kingdom--10,311 tons; and Taiwan--8,847 tons. The average export value in 1982 was $6.67 per kilogram, compared with $6.19 per kilogram in 1981.

Burley exports in 1982 were 47,010 tons, 40 percent above the 1981 level of 33,636 tons. Leading markets were West Germany--9,000 tons; Japan--7,860 tons; Italy--5,443 tons; and Switzerland--4,626 tons. The average export value was $6.92 per kilogram, compared with $6.41 per kilogram in 1981.

Cigarette exports were 73.6 billion pieces, valued at $1.235 billion, down 11 percent in quantity from 1981 but up 1 percent in value. Exports of cigarettes declined because of the strong U.S. dollar and poor economic conditions around the world. Leading markets (in pieces) were Belgium-Luxembourg--15.7 billion; Hong Kong--7.7 billion; Saudi Arabia--5.5 billion; Japan--4.8 billion; and the Netherlands Antilles--3.6 billion.

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SPAIN has increased the retail prices of both domestic and imported cigarettes and tobacco products. At an average of 16.5 percent, the price increases are substantially higher than those of October 1981. Consequently cigarette and pipe tobacco consumption is expected to be adversely affected.

American cigarettes, both imported and locally manufactured under license, have had substantially higher price increases than equivalent domestic or imported European products. This may lead to a decline in the sale of these types of cigarettes, along with reduced use of U.S. leaf blends in manufacturing. Spain is an important market for U.S. leaf and tobacco products--$123.5 million in 1982. Unmanufactured tobacco made up 78 percent of the total; cigarettes, 15 percent; and pipe tobacco, 7 percent. The upward revision in the retail price of tobacco products was reportedly prompted by the strength of the dollar and the need for increased revenue.

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Selected International Prices

Item	February 1, 1983		Change from previous week	A year ago
	$ per MT	$ per bu.	$ per MT	$ per MT
ROTTERDAM PRICES 1/				
Wheat:				
Canadian No. 1 CWRS-13.5%.*	198.50	5.40	-.50	N.Q.
U.S. No. 2 DNS/NS: 14%*...	187.00	5.04	+2.00	187.50
U.S. No. 2 DHW/HW: 13.5%..	N.Q.	--	--	200.00
U.S. No. 2 S.R.W..........	158.00	4.30	+2.00	168.00
U.S. No. 3 H.A.D*.........	169.00	4.60	-2.00	193.00
Canadian No. 1 A: Durum*..	190.00	5.17	-4.00	214.00
Feed grains:				
U.S. No. 3 Yellow Corn....	126.00	3.20	+2.25	127.50
U.S. No. 2 Sorghum 2/.....	N.Q.	--	--	146.00
Feed Barley 3/............	N.Q.	--	--	N.Q.
Soybeans and meal:				
U.S. No. 2 Yellow.........	240.50	6.55	+3.25	264.00
Brazil 47/48% SoyaPellets 4/	232.50	--	-4.50	N.Q.
U.S. 44% Soybean Meal.....	215.00	--	+1.50	248.00
U.S. FARM PRICES 5/				
Wheat.....................	130.07	3.54	+.37	135.22
Barley....................	63.84	1.39	--	93.70
Corn......................	96.45	2.45	+3.94	93.70
Sorghum...................	94.80	4.30 6/	+1.99	87.96
Broilers 7/...............	964.51	--	-2.42	875.29
EC IMPORT LEVIES				
Wheat 8/..................	106.84	2.91	-1.58	87.95
Barley....................	109.66	2.39	-.69	71.60
Corn......................	100.70	2.56	-2.86	101.60
Sorghum...................	99.29	2.52	-.30	84.05
Broilers 9/...............	311.00	--	+8.00 10/	288.00
EC INTERVENTION PRICES 11/				
Common wheat(feed quality)	181.87	4.95	-2.93	189.27
Bread wheat...............	200.14	5.45	-3.23	218.39
Barley and all other feed grains.......	181.87	--	-2.93	189.27
Broilers 12/..............	1058.00	--	-46.00	N.Q.
EC EXPORT RESTITUTIONS (subsidies)				
Wheat.....................	74.40	2.02	-1.73	66.20
Wheat flour...............	N.Q.	N.Q.	N.Q.	N.Q.
Barley....................	86.64	1.89	-.94	38.08
Broilers 9/...............	192.00	--	-3.00**	180.00
Sugar, refined 13/........	N.Q.	--	--	N.Q.

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine Granifero sorghum. 3/ Optional delivery: Canadian feed barley. 4/ Optional delivery: Argentine. 5/ Based on selected major markets and adjusted to reflect farm prices more closely. 6/ Hundredweight (CWT). 7/ Nine-city average; wholesale weighted average. 8/ Durum has a special levy. 9/ EC category--70 percent whole chicken. 10/ Reflects change by EC effective Feb. 1, 1983 from 31.8 ECU's/100 kg. to 33.15 ECU's/100 kg. **Reflects exchange rate change only. 11/ Basically the intervention price is the EC farm price support, determined annually. 12/ F.o.b. price for whole R.T.C. broilers at West German border. 13/ Week of Jan. 26, based on a maximum subsidy of 37.915 ECU's per 100 kg. N.Q.=Not quoted.

Note: Basis February delivery. * April-May.

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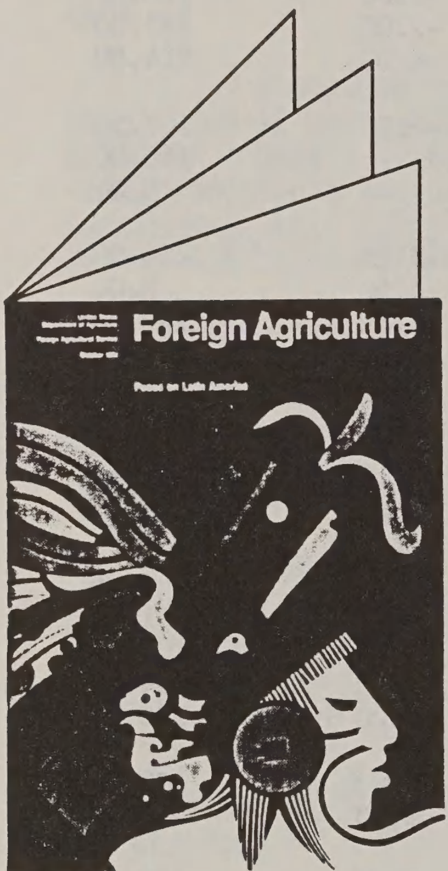

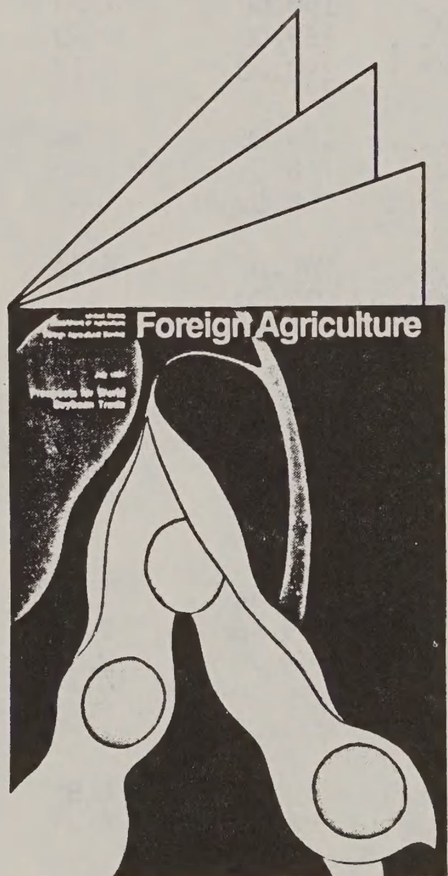

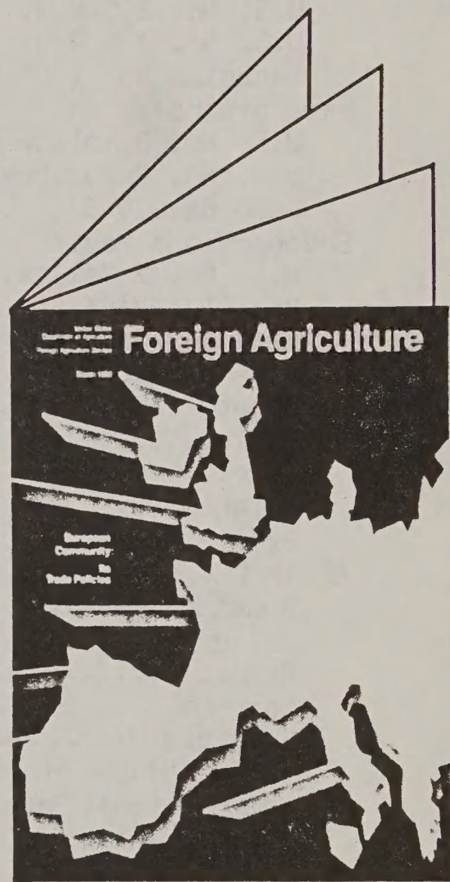

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